

Arizona Corporation Commission Meeting Minutes

DATE: March 17, 2006

TIME: 9:30 a.m.

PLACE: Arizona Corporation Commission, 1200 W. Washington Street,
Phoenix, Arizona 85007

ATTENDANCE: Commissioner Jeff Hatch-Miller was in attendance. See
attendance list on Attachment 1.

TOPIC: DISTRIBUTED GENERATION WORKSHOPS
DOCKET NO. E-00000A-99-0431

The following document(s) were provided at the workshop:

- Committee Draft Discussion Document emailed with a date of March 1, 2006 and distributed at the workshop with a dated March 17, 2006

The meeting was called to order at 9:30 a.m. and recessed until 10:30 a.m. due to a scheduling conflict. Mr. Ray Williamson of Commission Staff made a brief announcement that a Uniform Credit Purchase workshop would take place on April 7, 2006 from 9:00 a.m. to 4:00 p.m. in a location to be determined. Ms. Barbara Keene of Commission Staff welcomed the participants of the workshop, and each participant made a self-introduction. The group began discussing the Committee Draft Discussion Document dated March 17, 2006. It was discussed that the document represents the final work of the Committee, and areas where agreement could not be reached were specifically called out in the document. Mr. John Wallace representing Grand Canyon Electric Cooperative Association introduced concerns that may have not yet been considered by the Committee. The Cooperatives agreed to submit proposed revised language (supplemental filing) to Staff for distribution to the group.

Under Section 1.2 (b) Islandable System, it was discussed that the parties are in disagreement about this section. The utilities want this section removed; the DG Advocates want it to remain. **It was agreed that the parties would submit position papers to Staff on this section.**

Under Section 2.1, Customer Rights and Responsibilities, the words “and in each Utility’s interconnection manual” should be added at the end of the first sentence of the first paragraph to make this section consistent with Section 2.2 Utility Rights and Responsibilities.

Under Section 2.2, Utility Rights and Responsibilities, the words “subject to the ACC’s rules” should be removed from the first sentence of the third paragraph. It was

also discussed that the Utilities and the DG Advocates are in disagreement about the last sentence in this section related to assessing the benefits of adding DG to the distribution system. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 2.4, Insurance, the Utilities and the DG Advocates are in disagreement about this section. The DG Advocates are proposing language taken from NARUC. The Utilities are proposing different language. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 2.5, Force Majeure, and Section 2.6 Indemnification, the Committee agreed that these provisions should be removed from the Discussion Document and instead placed in each Agreement.

Under Section 2.7, Non-Circumvention, the Utilities and the DG Advocates are in disagreement about this section. The Utilities want this section deleted; the DG Advocates want it to remain. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 3.5, Certification, the group discussed the pros and cons of listing the codes and standards in the document as opposed to listing them in the Utility's manual. It was discussed that if they are included in a rule, dates would be required and as the standards were updated in the future, a rulemaking to adopt those changes would also have to occur at the Commission. Mr. Chris Kempley, Chief Counsel for the Commission provided a legal perspective about the pros and cons of adopting codes and standards in a rule vs. a Utility manual. It was discussed that the Committee may address this issue further.

Under Section 3.7, Disconnect from or Reconnect with the Grid Procedure, it was discussed that the Utilities and the DG Advocates are in disagreement with the subsection titled Incremental Demand Charges. The Utilities and the DG Advocates are also in disagreement about part d under the subsection titled Duration and Termination of the Interconnection Agreement regarding "sells or transfers." **It was agreed that the parties would submit position papers to Staff on these two issues.**

Under Section 3.9 Other Issues, it was discussed that the Utilities and DG Advocates are in disagreement about including this section in the rule. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 4.3, Level 1 Super Fast Track Process, it was discussed that there was a typo related to notification. The group decided that the notification period in the last paragraph of (c) should be 20 business days not 10 business days. It was also decided that under section (h) Correction (if necessary), the words "an initial" should be replaced with "each" and the words "and any subsequent re-inspections" should be removed.

Under Section 4.4, Level 2 Fast Track Process, it was discussed that Tucson Electric Power and the Cooperatives are in disagreement with the DG Advocates about language regarding the timeframes. Tucson Electric Power and the Cooperatives want to add “normally not more than” in front of all timeframes specified in this section. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under subsection (b), Customer submits Application, which specifies that no fee will be charged, the Cooperatives would like a graduated fee to be added to this section. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under the last paragraph in subsection (d), a typo was identified and 10 business days was changed to 20 business days.

Under subsection (e), Interconnection Agreement, the DG Advocates want the words “normally not more than” removed from the document.

Under subsection (f), Inspection and Testing, John Wallace proposed adding the words “unless the inspection would cause the utility substantial expense” to the last sentence in the first paragraph and be followed by the following sentence: “In which case, the utility shall provide the customer a written estimate of all costs before the site inspection is conducted.” **It was agreed that the parties would submit position papers to Staff on this issue.**

Under subsection (h), Notification, after the word “requirements”, the following sentence should be added: “The Utility shall provide the Customer oral notification within twenty-four (24) hours and written notification within three (3) business days that;” Also, the last sentence under subpart (i) can be removed because of the language added above.

Under subsection (i), Correction (if necessary), the Cooperatives would like “normally not more than” added before “five (5) business days” or change to “ten (10) business days.” **It was agreed that the parties would submit position papers to Staff on this issue.** It was also discussed that “an initial” should be replaced with “each.” For consistency with subsection (h) above, the sentence beginning with “Within one (1) business day” should be replaced with the following:

Following any site re-inspection where the Utility approves parallel operation of the Generation Facility, the Utility will provide to the Customer such oral notification within twenty-four (24) hours and such written notification within three (3) business days that the Generation Facility is approved for parallel operation”.

Under subpart (ii), the words “receipt and” should be removed from the last sentence.

Under Customer Timeframes, “normally not more than” should be removed.

Under Fees for Level 2 Interconnection, the first sentence should be removed. It was discussed that the Utilities and the DG Advocates are in disagreement with the issue of caps on costs. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 4.5, Level 3 Study Track Process, it was discussed that the Utilities and the DG Advocates are no longer in disagreement about charging the Customer to test and review certified equipment. The group agreed that in the first paragraph after the sentence ending with the word required, the following language should be added: “although the utility may study the interface between the generating facility and the utility,” and the following sentence beginning with “While” should be deleted. **It was also discussed that the Committee would further look at the language in this paragraph.**

Under subsection (b), the Cooperatives would like to add language regarding a graduated fee.

Under subsection (i), Facilities Study, the group discussed that the Utilities and the DG Advocates are in disagreement about the timelines for completion of the facilities study. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under subsection (k), Inspection and Testing, the Cooperatives have an issue with the charge for a site inspection. The Cooperatives will provide suggested language in its supplemental filing.

Under subsection (l) Notification, the following language should be added to make this section consistent with other notification sections. After the word “requirements”, the following sentence should be added: “The Utility shall provide the Customer oral notification within twenty-four (24) hours and written notification within three (3) business days that;” Under subpart (i), 1 business day should be changed to 3 business days.

Under subsection (m), Correction (if necessary), subpart (i), in the first sentence after the word “upon”, “normally not more than” should be inserted. In addition, the words “an initial” should be replaced with “each.” The following language should replace the last sentence:

Following any site re-inspection where the utility approves parallel operation of the Generation Facility, the Utility will provide to the Customer such oral notification within twenty-four (24) hours and such written notification within three (3) business days that the Generation Facility is approved for parallel operation.

Under subpart (ii), in the second sentence referring to the Utility, the words “normally not more than” should be inserted before the word “five.”

Under Fees for Level 3 Interconnection, the first sentence should be removed. It was discussed that the Utilities and the DG Advocates are in disagreement with the issue of caps on costs. **It was agreed that the parties would submit position papers to Staff on this issue.**

Under Section 5, Utility Reporting Requirements, the word “substantive” should be added before the word “revision.” Staff will prepare language about filing the manuals. **The group agreed to submit position papers on subsections titled “Documentation of Projects” and the “Annual Interconnection Report to the A.C.C.”**

For document sections not mentioned above, the group agreed to accept the language as proposed by the Committee.

The issue of position papers was discussed. It was determined that position papers would be due to Staff on April 7, 2006. All position papers will be distributed to the group at the same time.

Staff discussed how it will move forward with the position papers and the discussion document. Staff will review the position papers and make a determination on issues that could not be agreed to by the group. In addition, Staff may make additional changes that it believes are appropriate. Staff will revise the Discussion Document and submit a Staff report to the Commission in this matter.

Attachment 1

Attendees at the Distributed Generation Workshop March 17, 2006	
<u>Name</u>	<u>Representing</u>
Terry Anderson	ETA Engineering
Erinn Andreasen	Commission Staff
Torey Bell	Sulphur Springs Valley Electric Cooperative
Steve Bischoff	Arizona Public Service
Jana Brandt	Salt River Project
Richard Brill	Deluge, Inc.
Christine Brinker	Intermountain CHP Center
Chris Cook	ASPV/IREC/Sun Edison
David Couture	Tucson Electric Power
Gary Crane	MMR Power Solutions
Travis Cunningham	Salt River Project
Pauline Foley	Pinnacle West
Art Fregoso	Tucson Electric Power
Bryan Gernet	Arizona Public Service
Commissioner Jeff Hatch-Miller	Arizona Corporation Commission
Bill Henry	Tucson Electric Power
Barbara Keene	Commission Staff
Joe McGuirk	Sun Miner
Gary Mirich	Energy Strategies
Bill Murphy	Distributed Energy Association of Arizona
Brian O'Donnell	Southwest Gas
Valerie Rauluk	Greater Tucson Coalition for Solar Energy
Russ Romney	Curtis, Goodwin, Sullivan, Udall & Schwab
Chuck Skidmore	City of Scottsdale
Scott Swanson	Arizona Public Service
John Wallace	Grand Canyon State Electric Cooperative Association
Chris Weathers	Arizona Public Service
Daniel Wilson	Sulphur Springs Valley Electric Cooperative
Tom Yost	Arizona Public Service